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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

11 In re Case No: 8-23-bk-10571-SC
12 THE LITIGATION PRACTICE GROUP P.C., Chapter 11
13 Debtor. STIPULATION BETWEEN
TRUSTEE AND FUNDURA

Case No: 8-23-bk-10571-SC

Chapter 11

**STIPULATION BETWEEN CHAPTER 11
TRUSTEE AND FUNDURA CAPITAL
GROUP RE: USE OF SALES PROCEEDS
TO PAY OPERATING EXPENSES**

16 [NO HEARING REQUIRED]
17 TO THE HONORABLE SCOTT C. CLARKSON, UNITED STATES BANKRUPTCY JUDGE,
18 THE OFFICE OF THE UNITED STATES TRUSTEE, AND ALL INTERESTED PARTIES:

19 This Stipulation (“Stipulation”) is entered into by and between Richard A. Marshack, in his
20 capacity as Chapter 11 Trustee (“Trustee”) of the Bankruptcy Estate (“Estate”) of The Litigation
21 Practice Group P.C. (“Debtor”), and Fundura Capital Group (“Fundura”) (collectively Trustee and
22 Fundura are referred to as the “Parties”).

RECITALS

Pre-petition Facts

25 A. Fundura asserts that it is a secured creditor by pursuant to the Revenue Purchase
26 Agreement and Security Agreement and Guaranty of Performance (“Agreement”)¹ which is

²⁸ ¹ The Agreement is attached to Fundura's proof of claim. See, Claim No. 335-1.

¹ attached to Fundura's proof of claim.²

B. Fundura further contends that it has a priority lien on all funds held by the Trustee pursuant to the terms of the Agreement and a perfected UCC Financing Statement (“UCC-1”) and/or it owns outright certain of the funds held by the Trustee pursuant to the Agreement.

Bankruptcy Filing and Trustee's Sale

6 C. On March 20, 2023, Debtor filed a voluntary petition under Chapter 11 of Title 11 of
7 the United States Code, initiating bankruptcy Case No. 8:23-bk-10571-SC in the United States
8 Bankruptcy Court for the Central District of California, Santa Ana Division.

9 D. On July 22, 2023, as Dk. No. 320, the Court granted Trustee's Sale Motion and
10 entered an order approving the sale of estate assets. Pursuant to the Sale Order, the Buyer closed on
11 August 4, 2023. Trustee is in receipt of approximately \$5.1 million of sales proceeds ("Sales
12 Proceeds"). Further Sales Proceeds will be received by Trustee in the future.

Trustee's Need to Use Sales Proceeds to Renew Malpractice Coverage

14 E. Trustee needs to use up to \$100,000 to pay operating expenses: specifically to renew
15 the Debtor's legal malpractice policy which covers consumer clients of the firm ("Policy"). The
16 payment for the renewal of the Policy must be received by the carrier by Monday, September 18,
17 2023.

18 F. Because the Court has not yet entered any judgments establishing the relative
19 priorities between the various secured creditors regarding which party is first-in-priority, Trustee is
20 seeking agreement from all such alleged secured creditors to use up to \$100,000 of Sales Proceeds to
21 renew the Policy.

22 Wherefore, the Parties agree and STIPULATE as follows:

23 1. To the extent that any of the existing Sales Proceeds constitute Fundura's collateral,
24 or property, it agrees that Trustee may use up to \$100,000 to renew the Policy to renew the Policy,
25 without prejudice to or credit against its Claim.

26 2. Except as specifically set forth herein, the Parties reserve all other rights, claims and
27 defenses; and

²⁸ ¶² The Agreement is attached to Fundura's proof of claim. See, Claim No. 335-1.

1 3. This Stipulation may be executed in one or more counterparts and facsimile electronic
2 signatures may be used in filing this document with the Court.

3
4 DATED: September 15, 2023 MARSHACK HAYS LLP

5
6 By: /s/ Laila Masud
7 D. EDWARD HAYS
8 LAILA MASUD
9 Attorneys for Chapter 11 Trustee
10 RICHARD A. MARSHACK

11
12 DATED: September 15, 2023 KNAPP, PETERSEN & CLARKE

13 By 
14 Mitchell B. Ludwig
15 Attorneys for Secured Creditor
16 FUNDURA CAPITAL GROUP

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
870 Roosevelt, Irvine, CA 92620.

A true and correct copy of the foregoing document entitled: **STIPULATION BETWEEN CHAPTER 11 TRUSTEE AND FUNDURA CAPITAL GROUP RE: USE OF SALES PROCEEDS TO PAY OPERATING EXPENSES** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **September 15, 2023**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On **September 15, 2023**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

MAIL REDIRECTED TO TRUSTEE

DEBTOR

THE LITIGATION PRACTICE GROUP P.C.
17542 17TH ST, SUITE 100
TUSTIN, CA 92780-1981

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL: Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **September 15, 2023**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA PERSONAL DELIVERY:

PRESIDING JUDGE'S COPY

HONORABLE SCOTT C. CLARKSON
UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT OF CALIFORNIA
RONALD REAGAN FEDERAL BUILDING AND COURTHOUSE
411 WEST FOURTH STREET, SUITE 5130 / COURTROOM 5C
SANTA ANA, CA 92701-4593

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 15, 2023
Date

Cynthia Bastida
Printed Name

/s/ Cynthia Bastida
Signature

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): CONTINUED:**

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